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Brilliant connections in global benefits

Market and Benchmark Insight Report for India — 2021

Competitive employee benefit norms for mid-market employers in India

Introduction

Prudent provides independent employee benefits advice to over 2000 Indian employers. The company maintains a proprietary benefits database of over 1200 companies, which is updated daily with employers' benefits information. Therefore, Prudent has substantial benchmarking data to help companies see how their benefits compare in their sector.

At Prudent, multinational employers regularly ask to benchmark employee benefits in India, and this document provides such guidance by considering:

- India's Benefits Landscape — benefits menu, mandatory requirements, and employment law
- Typical Benefit Design and Cost
- Adviser Remuneration

We are proud to be an Asinta Partner, and hope this document is of use to you.

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Inside

1. India's Benefits Landscape

Employee benefits are extremely important in India as they help attract and retain employees and shape an employers' brand. They vary substantially based on a company's attraction and retention goals, culture, and industry. Leading employers in various sectors seek to be informed about benefits trends to ensure their benefits offerings are competitive and they frequently introduce new benefits to differentiate themselves.

Three other factors influence benefits design:

- Industry Type
- Salary Level
- Location

1.1 Industry Type

Benefits vary widely according to industry type. For example, we see market-leading, innovative supplemental benefits in financial services, high-tech, and professional services sectors. Voluntary benefits have become more common. However, in the retail and hospitality sectors, benefits are substantially lower. The manufacturing sector usually has to provide more statutory benefits because of lower-wage ceiling eligibility requirements under some statutes; thus, employers may not offer as many supplemental or voluntary benefits. We have an extensive database of clients across industries from which we can provide multi-variable benefits benchmarks. This ability lets our clients make decisions based on current data and precise percentile rankings rather than on dated multi-year surveys that offer only "below, at, or above par" recommendations.

1.2 Salary Levels

Salary levels will impact the level of benefit provision, although the types of supplemental insurance benefits will remain the same. Supplemental benefits levels tend to be graded in sectors with a wide skill gap between entry-level employees and managers. In technology, financial services, consulting, and other professional services sectors, benefits tend to be uniform across all levels.

The average base salary in 2021 in India is INR 31,900 (USD 437) per month.

The national-level minimum salary is INR 4,576 (USD 62) per month. Minimum wage varies by state, area within the state based on development level (zone), industry, occupation, and skill level.

1.3 Location

The location of employees can influence benefit levels, benefit provisions, and salaries. Costs will be higher in Tier 1 cities such as Mumbai, Delhi, Bengaluru, Chennai, Kolkata, and Hyderabad and lower in Tier II (e.g., Ahmedabad, Pune, Jaipur, Vadodara, Vishakapatnam, Indore, Bhopal) and Tier III cities. One may find employees even in the technology sector covered for health, disability, and life under a statutory plan rather than a supplementary plan due to their salaries falling within the wage ceiling eligibility threshold for these benefits in some Tier II and Tier III towns.

2. India Benefits Menu

India's social security systems are designed primarily to provide financial, medical, disability, and widow's pension support to the vast underprivileged or lower-income working classes. India has a national health insurance scheme, Ayushman Bharat, that provides generous hospitalization benefits to a family of up to 6 members and has enrolled almost 500 million lives. However, the working middle class is not eligible for this plan and relies on employer-sponsored health insurance benefits.

Health Insurance is the most valued and popular employee benefit in India, followed closely by retirement pension. Group personal accident and group term life benefits are typical additional benefits. India's group personal accident policy provides temporary total disability benefit, an income replacement benefit payable for up to 104 weeks.

There is no other STD or LTD option in the Indian market.

There is a growing interest in defined contribution plans as employees take more control over their pension savings. The National Pension Scheme is a fully portable, defined contribution plan with voluntary individual contributions towards market-linked investments. This supplements the statutory Employees' Provident Fund, which requires matching employer-employee contributions and is managed by a government body that provides a fixed annual return.

Employees enjoy many additional non-insurance benefits, such as company cars for senior executives, fully paid or subsidized transportation to and from work, subsidized meals, mobile phone and internet service, EAP, digital medicine, wellness programs, and more. Leading employers strive to outdo their competitors in benefits offerings.

The range of benefits that are typically available to employees in India is shown in this table.

2.1 Mandatory Benefits

Mandatory benefits contributions are based on basic salary plus dearness allowance, which is 50% of total compensation. Thus, employer contribution levels described below constitute approximately 17% of Basic Salary, or effectively 8% of total compensation.

Benefit	Comments
Employees' State Insurance Act 1948	Employees' State Insurance is a self-financing social security and health insurance program for Indian workers. The Employees' State Insurance Corporation manages the fund according to rules and regulations stipulated in the ESI Act 1948.

Continued on next page

Employees' State Insurance Scheme (ESIS)	The ESI Act, 1948 applies to non-seasonal power using factories or manufacturing units employing ten or more persons and non-power using establishments employing twenty or more persons. Under Section 2(12), the Act applies to factories employing ten or more persons irrespective of whether power is used in the process of manufacturing or not. Under Section 1(5) of the Act, the Scheme has been extended to shops, hotels, restaurants, cinemas (including preview theatre), road motor transport undertakings, and newspaper establishments employing 20 or more persons. Further, under Section 1(5) of the Act, the Scheme has been extended to private medical and educational institutions employing 20 or more persons in certain States. The State Governments have been requested to issue notification under Section 1(5) on the lines of Section 2(12), keeping the threshold limit for coverage as ten employees instead of 20. Once a geographic area is covered under the ESI Act, it is compulsory for the employer to register the company under ESIS. Employers are **exempted from liability under the Maternity Benefit Act and the Employees' Compensation Act (ECA) if employees are covered under the ESI Scheme.** **Eligibility and Contribution** Salary ceiling: INR 21,000 per month gross salary (or INR 25,000 if disabled) Both the employer and employee must contribute a percentage of salary to the ESIS. The employee's contribution rate is 0.75% of the wages, and the employer's is 3.25% of the wages paid/payable in respect of the employees in every wage period. Employees in receipt of a daily average wage up to INR 70 are exempted from payment of contribution. Employers must, however, contribute their share in respect of these employees. Any sum paid by way of contribution under the ESI Act is deducted in computing income under the Income Tax Act. **Benefits** The ESI Act covers medical expenses for employees and families for sickness, injury, and maternity expenses, and employees for employment-related injury. The scope of medical cover provided is broad. Members receive free outpatient and inpatient treatment at ESI-run dispensaries and hospitals and are referred to private tertiary care hospitals for free specialized treatment. Family planning operations are also covered. Medical benefits are extended to retired employees and spouses as well as permanently disabled employees and spouses. **Other benefits include:** • Pension to widow and dependents • Funeral expenses • Permanent total disablement – Life pension at approximately 72% of the wages are paid • Temporary total disablement – Not less than 70% of the daily wages is paid during the entire period of disability **Maternity benefits:** All female employees who have paid contributions for at least 70 days in the relevant contribution period (April 1 to September 30 and October 1 to March 31) are to be provided: • 26 weeks (6 months) maternity leave but limited to 2 children • 12 weeks leave in case of adoption of a child less than 3 months • 8 weeks leave in case of miscarriage • A medical bonus of INR 3,500.00 The benefits provided under ESIS are much wider and are not comparable with ECA benefits and supplemental benefits like medical, accident, and life, which are capped. The ESIS contributions are related to the paying capacity as a fixed percentage of workers' wages. In contrast, employees and dependents are provided social security benefits according to individual needs without distinction.

Employees' Provident Fund & Misc. Provisions Act, 1952	The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 (EPF Act) applies to specific scheduled factories and establishments with 20 or more employees, as well as employees who earn INR 15,000 (INR 25,000 for the disabled) or less per month at entry-level. The Act provides for retirement benefits and family pensions on death in service. Benefits typically extend to all employees in an organization.
Employees' Provident Fund (EPF) **Employees' Pension Scheme (EPS) (Subsumed in the EPF)** **Employees' Deposit Linked Insurance, 1976 (EDLI) (subsumed in the EPF)**	**Eligibility and Contribution** Employee Provident Fund is mandatory for companies having 20 employees. Employees with basic salary & special allowance not exceeding INR 15,000 (INR 25,000 if disabled) per month are eligible to participate in the EPF. In practice, employers earning more than this ceiling also participate in the EPF. Statutory contribution is limited to INR 1,800.00 per month, i.e., 12% of basic + dearness allowance not exceeding INR 15,000.00. Employers and employees make matching contributions of 12% of basic salary + dearness allowance. Under the new Social Security Code, the employer can choose to contribute either 10% or 12%. Contributions are made to the unique employee Universal Account Number (UAN), which facilitates portability. The entire 12% of the employee contribution is credited to the EPF account. Only 3.67% of the employer's contribution is directed to the EPF. The remaining 8.33% is credited to the Employees' Pension Scheme (EPS), which will be paid as a monthly pension at the age of superannuation as per the slab maintained by the Pension Fund Department. Contribution to EPS is restricted to the salary ceiling of INR 15,000 p.m. and therefore is a maximum of INR 1,250 per month. The employer must also contribute an additional 0.50% over EPF and EPS contribution towards Employees' Deposit Linked Insurance (EDLI), a life benefit, subject to a maximum of INR 75 per month. The employer also pays an administrative fee of 0.50% towards EPF. **Expats** must contribute to EPF on their entire salary, whether earned abroad or in India, unless a special exemption is given. They may be able to withdraw contributions to EPF or EPS on leaving the country, subject to specific Social Security Agreements (SSA) between India and the home country: • If the expat's home country has a Social Security Agreement (SSA) with India, EPF and EPS withdrawals are as per the SSA. • If there is no SSA, EPF withdrawal is possible on retirement after 58 years or on retirement due to total disability. EPS annuity is paid out after 58 years, subject to satisfying conditions. The government of India announces a fixed return every year (8.5% for FY2019-20). **Benefits** **Employees' Provident Fund** benefit is the accumulated funds in the member's account. **Employees' Pension Scheme** benefit is a DB as per a slab maintained by the Pension Fund Department. Pension is paid to a widow/widower and child/ren up to the age of 25 years, up to a maximum of 2 children, if the employee died while in service and contributed at least one month toward a pension, or after leaving service but before age 58, or after the start of the retirement pension. Widow's pension, which is a minimum of INR 1,000 per month, is payable until the widow's death or remarriage. The child/ren's pension equals 25% of the widow's monthly pension until the child is 25 years. Orphaned children are entitled to 75% of the widow's monthly pension, until the age of 25 years, for a maximum of two children.

	Employees' Deposit Linked Insurance benefit is linked to the average of the Provident Fund account balance of an employee and is payable to the employee's nominee. The minimum benefit is INR 250,000 with retrospective effect from February 15, 2020, and the maximum benefit amount has been enhanced from INR 600,000 to INR 700,000 w.e.f. 28 April 2021. If an employee has passed away before completing one year of continuous service in the same establishment, the beneficiary is entitled to receive PF accumulations. An Adhaar number (Unique ID) must be available for pension and membership under the Employees' Pension Scheme. EDLI benefit is calculated as equaling: {Average Monthly Salary of the Employee for the last 12 months (capped at INR 15,000 p.m.) x 30} + Bonus Amount (INR 250,000) **Tax Treatment** Contributions, returns, and withdrawals are tax exempt. Employer contribution over INR 250,000 was made taxable under Budget 2021 (February 1).
Gratuity (Payment of Gratuity Act, 1972)	The Payment of Gratuity Act, 1972 applies to establishments with at least 10 employees. It provides a gratuitous benefit of 15 days' wages for each year of service subject to a maximum benefit of INR 2,000,000 tax-free. It is payable to employees who have worked for at least four years 8 months continuously upon termination, resignation, or superannuation. It is payable earlier in case of death or PTD, in which case it is paid basis the number of years of service rendered. • Gratuity benefit is capped at INR 2 million tax-free. However, employees can opt to pay as per actuals. It is calculated as 15/26 x last annual basic salary x number of years of service. About two-thirds of employers pay Gratuity as per actuals. • Gratuity liability must be accounted for on the corporate balance sheet. • It is tax-effective to create a Gratuity Fund that a life insurer manages. Through the proposed Social Security Code, the central government may mandate a gratuity fund to protect employees' retirement benefits in the event of corporate bankruptcy. • Fixed Term Employees (FTEs) on one-year contracts will be eligible for gratuity under the proposed Social Security Code Act, 1923.
Workers' Compensation **Workmen's Compensation Act 1923 (Amended to Employee's Compensation Act in 2010)**	Workman's compensation liability exists under Statute, but insurance is not mandatory. Employers can choose to be self-insured. There is no waiting period. The bases for assessing benefits are: • Death – Minimum compensation of INR 120,000 or 50% of the monthly wages of the employee (capped at INR 15,000) x age-related multiplier, whichever is higher • Permanent total disablement – minimum compensation of INR 140,000 or 60% of the monthly wages of the employee (capped at INR 15,000) x age-related multiplier, whichever is higher • Temporary total disablement – 50% of the monthly wages of the employee for a maximum period of 5 years • Actual medical expenses incurred for treatment of injury/disease • Occupational Diseases Funeral expenses are payable up to INR 5,000. Medical expenses and occupational diseases are **add-on covers** under the insurance contract. The proposer must ask for these add-ons.

Leaves and Holiday Pay	Statutory leaves are regulated by each State's Shops & Establishments Act (SE&A) or by the Factories Act (depending on what Act the company is registered under). These cover sick leave, casual leave, privilege/earned leave, national and state holidays, as well as other holidays. The average sick and casual leave is 6 days each, and the average earned/privilege leave is 15 days. There are three fixed national holidays: 26 January, 15 August, and 2 October. There is also a State Founding Day, which is usually 1 May or 1 November. Then, there another 4–6 holidays mandated by each state's S&EA. The new proposed Occupational Health Safety & Welfare Code, 2020 mandates Annual Leaves for workers as one leave for every 20 days worked and allows accumulation up to 30 days; encashment beyond 30 days is also allowed. **Leave encashment** Leave encashment is a right under the Factories Act, the Shops and Establishments Act, or service condition contract.
Maternity Leave	The Maternity Benefits (Amendment) Act, 2017, provides 26 weeks of paid maternity leave for the first two children. A maximum of 6 weeks can be taken before delivery. Women with more than 2 children are eligible for 12 weeks. Maternity benefits: • 26 weeks maternity leave but limited to 2 children • 12 weeks leave in case of adoption of a child less than 3 months • 6 weeks leave in case of miscarriage or medical termination of pregnancy • A medical bonus of INR 3,500 • Additional one month leave for illness due to pregnancy, delivery, premature childbirth, miscarriage, medical termination of pregnancy (MTP), or tubectomy • Two weeks with wages immediately following the day of a tubectomy • Upon returning to work, a woman is entitled to two rest breaks and two additional breaks to nurse the infant. • Maternity benefit is payable to her nominee if a woman dies during confinement and leaves behind a child; the benefit is typically payable for 12 weeks and can be further extended up to 16 weeks on medical grounds. • Work from home option post 26 weeks can be offered if the type of work permits this option; this option is subject to mutual agreement between the employer and employee. **Eligibility** A female employee is eligible for maternity benefit only if she has worked in an establishment at least 80 days in the 12 months immediately preceding the expected delivery. **Creche Requirement** Employers having **50+ employees** must provide a **creche** for working women, onsite or off-site, and allow mothers 4 visits to the creche per day. • Full implications of the creche requirement will be known once all states issue notification of the Creche Rules. • Two states, Karnataka and Haryana, have notified the Creche Rules. They require a creche facility to be provided to children up to six (6) years.

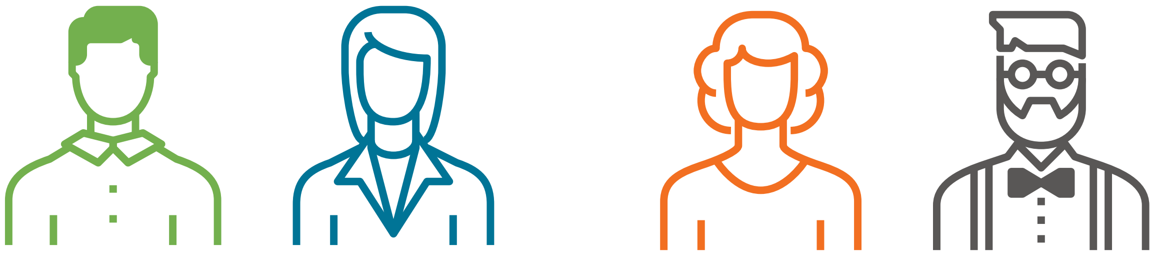
The Payment of Bonus Act, 1956	The Payment of Bonus Act, 1956 applies to all factories and all establishments employing 20 or more. It was amended in 2005, increasing the salary or wage eligibility ceiling to INR 21,000 per month from INR 10,000 and doubling the wage ceiling to calculate the bonus to INR 7,000 per month. Entitlement to the bonus accrues on completing 30 days in an accounting year. The minimum rate is 8.33% of an employee's salary or wage in an accounting year; the maximum is 20%. If the monthly salary or wage exceeds INR 7,000, the bonus calculation is as if the salary was INR 7,000. If the minimum wage for a state is more than INR 7,000, the bonus is payable on the actual amount, not on INR 7,000. Bonus is payable within eight months from the close of the accounting year.

2.2 Wider Benefit Provisions

In addition to the mandatory benefits, employers will often provide a range of benefits to help recruit and retain employees. The trend is for employers to consider every request from employees as a potential opportunity to stand out as a market leader in offering innovative benefits. Employers are willing to invest time to understand whether and how a particular new benefit could be offered.

The most common benefits are shown below:

Benefit	Comments
Supplemental Retirement	It is estimated that about one-third of Indian companies provide supplemental pension plans. About 5% of these are Defined Benefits plans, and the remainder is Defined Contribution plans.



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<td>National Pension Scheme (NPS)</td>
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The Pension Fund Regulatory and Development Authority introduced a corporate model of the National Pension System (NPS), allowing voluntary contributions to a portable pension fund with market-linked returns. As incomes have risen, awareness of the need to supplement the EPF and attractive tax treatment for contributions to the NPS have led to rising participation in the NPS.
Setting up an employer Tier 1 account to enable contributions to the NPS does not require the formation of a trust with trust deed and rules, or a minimum employee number, or even employer contribution. Administration expenses are nominal, making it a more compelling proposition for employers to sponsor this voluntary pension plan.
Employees can easily port from one employer to another through a unique Permanent Retirement Account Number (PRAN). The tax treatment is exempt-exempt-exempt on contribution, returns, and 60% of withdrawal, making this a more attractive pension savings vehicle. Further, employees can contribute an additional INR 50,000 to the Tier 1 account and avail themselves of an additional tax deduction. Employees can also establish a Tier 2 account for additional contributions, although these are not tax-exempt. If a new employer does not have an NPS account, the employee can continue to make contributions.
Eligibility: All Indian citizens and OCI card holders, age 18 to 60 years
Contributions
Employees may contribute up to 10% of basic salary with no ceiling on the total amount, tax-exempt.
A subscriber is required to make the first contribution when applying for registration (minimum contribution Rs. 500 for Tier I and Rs. 1,000 for Tier II) with duly filled NCIS (NPS Contribution Instruction Slip). However, this initial contribution is optional in the case of the corporate model. The POP-SP provides a receipt (as an acknowledgment) to the subscriber.
Vesting: On attaining normal retirement age
There are two tiers within the NPS corporate sector model. Tier I is not available for withdrawal until the employee reaches the normal retirement age. Tier II allows for the discretionary withdrawal but with a minimum account balance of INR 1,000 required.
Payment is a combination of annuity and lump sum, depending on age.
Tax Treatment
On contribution

Section 80 CCD (1) – Tax deduction up to INR 150,000 on EE contribution (up to 10% of basic + dearness allowance (DA)
Section 80 CCD (2) – Tax deduction uncapped on ER contribution (up to 10% of Salary (Basic + DA))
Section 80 C – Additional INR 50,000 tax deduction from individual contribution to Tier 1 A/C
Tier-II A/C – voluntary savings account providing benefits with a discretionary withdrawal facility; no tax benefit

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	On withdrawal • Exit at 60 years or on superannuation: At least 40% of the accumulated pension wealth must be utilized for the purchase of an annuity providing for monthly pension to the subscriber, and the balance (60%) is paid as a tax-free lump sum to the subscriber to be withdrawn in entirety or over 10 years. If the total corpus is up to INR 200K, then the subscriber has the option to withdraw the whole corpus in a lump sum. Lump sum benefits receivable on death are tax-free. Pension benefits are taxable as income when they become payable, but pension payments to a beneficiary in the event of an employee's death are not taxable. • Upon Death (irrespective of cause): The entire accumulated pension wealth (100%) is paid to the nominee/legal heir. Purchase of annuity of monthly pension is not mandatory, but the nominee has the option to purchase an annuity of the total corpus. • Exit from NPS before attainment of the age of 60 years (irrespective of cause) At least 80% of the accumulated pension wealth must be utilized to purchase an annuity providing for the monthly pension of the subscriber, and the balance (20%) is paid as a lump-sum payment to the subscriber. If the total corpus is up to INR 100K, then the subscriber has the option to withdraw the whole corpus in lump sum. A subscriber can exit from NPS only after completion of a minimum of 10 years in NPS. **Key Stakeholders of the NPS** • Pension Fund Regulatory and Development Authority (PFRDA) – The regulator • Points of Presence (PoP) – Service providers appointed by PFRDA to accept applications and remittances • Central Recordkeeping Agency (CRA) – Two companies, National Securities Depository Limited e-Governance Infrastructure Ltd (CRA1) and Karvy Computershare Private Limited (CRA2), are appointed to perform various functions, including the issuance of Pension Account Number (PRAN), record keeping, and providing customer service • Fund Managers – PFRDA-appointed fund managers • Trustee Bank • Custodian • Aggregator • Annuity Service Provider – life insurance companies appointed by PFRDA to offer annuities to NPS account holders • Retirement Advisor **Investment options** Depositors have two options to manage their funds, either a passive Auto-choice Life Cycle Fund or Active Choice Individual Funds of three asset classes (Class E, high risk, high return investment predominantly in equity market instruments; Class C, medium return, medium risk investments in fixed income instruments other than government securities; Class G, low return, low risk investment in government securities). **Fund Management Charges** • Low Charges – All charges levied under NPS are defined and regulated by PFRDA to ensure the reasonability of charges • No entry and exit loads

Superannuation	Superannuation is a DB plan sponsored by the employer, established through a Trust with Trust Deed and Rules. **Contribution** – The maximum contribution is either 15% of Basic Salary when the employer also contributes to EPFO or 27% when the employer does not contribute to the EPFO. ER contributions over INR 150,000 are taxable as income to the employee **Eligibility age** – All employees age 18 to 60 years **Vesting** – DC vesting of benefits varies between zero and five years for full vesting. Payment is a combination of annuity and lump sum, depending on age. **Normal retirement benefit** – Accumulation of contributions with interest. **Death-in-service benefits** – Survivor and or lump-sum benefits: Benefit is a pension corresponding to the accumulation of contributions with interest **Death post-retirement** – The beneficiary receives the pension or capital payments as per the pension option chosen. **Superannuation Plan** – Financing is through a fund with an insurance company or a private fund. The employer has to set up separate trusts to be recognized by the income tax authorities. Investments of trust funds can be privately managed by trustees or managed by life insurance companies. Employees have to purchase life annuities for a pension from life insurance companies. **Superannuation Plan** – Lump-sum benefits receivable on normal/early retirement or on death are not taxable subject to a prescribed limit of one-third (if eligible for gratuity benefit) or half (if not eligible for gratuity benefit), as applicable. Benefits receivable by an employee leaving service early are taxable.
Company Cars	Company cars are provided to employees by about two-thirds of employers. This benefit is usually offered to senior management or employees in a sales role. Senior executives may be provided a paid chauffeur.
Meal Allowance Vouchers	This is a typical benefit due to its tax advantages to the employee. The current tax-free limit is up to INR 50 per day if the employee chooses to continue with allowances as per the old tax regime. No meal allowance is available if an employee chooses a flat deduction under the new tax regime. Where an employer can provide a subsidized cafeteria, meal vouchers may be less common.
Education Assistance	Partial or full education reimbursement after completing a course/program, especially if related to one's work, is provided by some employers.
Internet and Mobile Phone Reimbursement	Tech and other white-collar employees may be offered a specified internet or mobile phone reimbursement if they work from home or use their device for professional calls. About two-thirds of employers provide mobile connection, and about half pay for a handset.
Voluntary Benefits	Large and mid-sized employers will often provide employees with a range of voluntary insurance benefits such as health, life, accident, or homeowners insurance that are provided at rates negotiated by the employer.
Flexible Benefits	Employees can select several types of benefits from a menu. About 29% of employers offer modular flex or flexible benefits to accommodate employees' need for individualized benefits.
Loans	About 20% of employers offer loans for housing, automobile purchase, education, marriage, medical expenses, and other necessities. However, changes in tax structure and easier market access to loans may make these less attractive or necessary.
Recognition Award	Most employers offer rewards and recognition programs to recognize star performers.
Work from Home	COVID-19 has accelerated the option of working from home. Employers provide various WFH enablers such as Internet reimbursement, office desks and chairs, occasional pick-me-up gift hampers, ergonomics consultations, and other benefits.

EAPs	EAPs have been in the market for many years. Both MNC and Indian EAP vendors operate to provide a wide range of services through in person consultations and online modes. Employers consider it important to support their employees' access to mental and emotional health programs. Financial and spiritual well-being have emerged as new areas of interest among employers and employees.
Fertility and Infertility Support	Surrogacy and adoption benefits/infertility counseling are increasingly being considered and offered by leading employers who offer these benefits at the Corporate Office level.
Recreational areas	Recreational areas within the office/campus – indoor and outdoor sports facilities including gym, computer gaming rooms, table tennis, pool/billiards – are standard offerings.
Marketplace	Employers are providing online marketplaces which offer discounted products and services to employees. These can be part of a flexible benefit program or can be offered on a stand-alone basis.
Company credit cards	Corporate credit cards may be offered to senior management, especially those who travel extensively on business.
Fun Activities	Discount movie tickets, shopping vouchers, and dining cards keep employees engaged outside working hours. If those aren't enough, special screenings of Hollywood and Bollywood movies, theme days, rock band performances, and team outings to major sports events all add excitement to an employees' life.
Various in-house clubs	Various in-house clubs, including LGBTQ+ clubs, and opportunities to engage in hobbies during working hours at the office allow employees to pursue their passions and other life purposes. The employee is seen as a whole person with multiple interests whose pursuits nourish her soul and enable her to fully devote herself to her work.
Flexible Working Arrangements	Flexibility in working hours, place of work, type of work, intensity (how much work is to be done) are new experiments to accommodate a workforce that wants and needs the flexibility to fulfill other responsibilities, such as childcare and parental care.
Gym membership	Subsidized gym membership is aligned with Wellness goals. New national fitness chains have emerged all over the country. They provide electronic ID cards or sign on that track attendance; thus, employers can easily track utilization to see whether their benefit is being used and reward high users.
Rest and Relaxation	Sleeping, meditation, and gaming rooms are becoming more popular to help employees stay more relaxed, focused, and productive.
Well-being	Wellness encompasses many support systems provided by the employer. The list is continually expanding to include: • Mental Health Support • Financial Literacy • Spiritual Growth Programs Healthy Mother/pregnancy programs are offered to support mothers-to-be in maintaining good health throughout their pregnancy and be better prepared to choose natural delivery over a scheduled Caesarian delivery, which can lead to more complications. Onsite health check-ups and vaccination camps are common among over 50% of our clients. Health coaches for high-risk employees and family members (to remind them to take medicines or exercise or stick to a diet) are critical to the success of wellness initiatives. Preventative health programs have become more common, with more employers providing onsite annual flu vaccinations and vaccination coverage for children. Around Women's Day, many employers organize programs on cervical cancer, including discounts on cervical cancer vaccinations.
Additional paid leaves	Additional paid leaves for birthdays, anniversaries, or other special days with gifts such as paid dinner are seen as a "best in class" practice. Some employers allow employees additional paid or unpaid leaves for bereavement.

Parental Leave	Outside of mandatory maternity leave, parental leave is not prevalent, but some leading employers provide up to 6 months of parental leave. A Paternity Benefits Bill, 2017, proposes to offer 15 days of paternity leave. Close to 50% of organizations offer some paternity leave.
Family Care Leave	About 29% of employers provide paid family care leave; 43 provide unpaid leave; and 29% provide a combination of paid and unpaid leaves
Housing	Senior executives may be given paid housing, especially in major metros like Mumbai, where housing is scarce and expensive.
Concierge Services	Concierge services assist employees with tasks they have no time to do because they spend long hours at the office (or WFH) and have long commutes.
Cafeterias	Subsidized cafeterias and free goodies ensure employees have everything they need to get through long workdays without worrying about at least one meal a day. This benefit is common with larger employers and particularly in industrial facilities and BPOs and tech companies. Food is provided at a discounted rate and can include two meals or a meal and a snack. Employers may also provide meal vouchers instead of a canteen to be used in restaurants in an IT Park.
Transport	Subsidized transportation is offered in cities with metros and better connectivity. Before a metro system was built in Delhi NCR, Bengaluru, and Hyderabad, employers had to pay for cabs to bring employees to work and take them back home. However, last-mile connectivity is still a problem in most cities, and employers in the BPO and tech sectors usually provide some transport, especially for women working the night shift.
Parent Day Care	Leading employers offer parent day care or home visits by health care workers to support parents who need medical care.
Service Awards	Employers offer jubilee awards on designated tenure anniversaries and upon retirement.
Relocation Allowance	The cost of moving household goods, train or airfare for the employee and family, and temporary stay in a hotel are reimbursed up to a specified amount.
Telemedicine	The pandemic has forced most employers to consider offering telemedicine as employees wish to avoid going to hospitals or other healthcare providers.

When designing your benefits, you need to consider benefit trends in your sector, employee profile, and objectives. As advisors, we are adept at creating solutions that are valued by employees and meet your budget.

3. Insured Benefits – Design and Typical Costs

Below we have shown the most popular insured employee benefits in India and typical levels of cover. Medical, Accident, and Life insurance represent 1–2% of payroll.

Benefit	Comment/Cost	Lower Quartiles Approach	Medium Quartile Approach	Upper Quartile Approach
Medical Insurance	The most valued benefit, medical insurance provides primarily for hospitalization coverage. Outpatient expenses, including dental and vision, are offered by less than 8% of employers even though outpatient medical expenses comprise about two-thirds of total medical expenses. The Sum Insured is on a per family rather than per member basis. Employees have access to a network of healthcare providers of the insurance company or TPA by presenting a health id card or can access non-network providers and file for reimbursement. Larger employers tend to offer voluntary parental coverage, and smaller employers tend to offer fully sponsored parental coverage. The benefit is fully tax-exempt. A minimum of 7 lives is required to form a group.	Employees and family members (spouse and children) are covered at the employer's expense.	Employees and family members (spouse and children) are covered at the employer's expense. Parental coverage may be shared between the employer or employee or be fully employee paid.	All staff and dependents are covered at the employer's expense. Parents or in-laws are often covered by tech companies and white-collar professions. Some employers cover dependent siblings as well.
Life & Disability Insurance	Group life insurance schemes include lump-sum benefits in case of death. Accidental death and disability riders can be added but are usually covered under a group personal accident contract. Critical Illness rider is available on an accelerated or additional basis and pays a lump sum amount on diagnosis of a scheduled critical illness. Terminal illness is either in-built or available at a nominal rate. About 78% of employers offer life plans. The employer bears the full cost. Most insurers require a minimum of 50 lives to form a group; a small number of insurers require only 10 lives.	All staff covered. Benefits can be a flat amount, graded as per designation, or a multiple of salary equal to 1-2 times annual salary.	All staff covered. Sum assured equal to 2-3 times annual salary.	All staff covered. Sum assured equal to 4-6 times annual salary.

Personal Accident Death & Disability Insurance	Covers AD, PTD, PPD, and dismemberment on a 24x7 basis worldwide. Temporary Total Disability Benefit (wage replacement) is given either as a fixed amount, a percentage of the SA, or as per actual weekly wages, whichever is lowest, for up to 100 or 104 weeks, with a waiting period of 7–14 days. Accidental medical expenses, funeral expenses, child education expenses, and modification of home and vehicle are common add-ons. The benefit is fully tax-exempt. About 90% of employers offer group personal accident plans. The employer bears the full cost. A minimum of 10–15 lives is required to form a group.	All staff covered. Benefits levels are as per those for life, at the lower, medium, and upper quartile. Benefits can be a flat amount, graded as per designation, or a multiple of salary equal to 1-2 times annual salary.	All staff covered. Sum assured equal to 2–3 times annual salary.	All staff covered. Sum assured equal to 4–6 times annual salary.
BTA Insurance	Covers accidental medical expenses up to sum insured, medical evacuation, AD up to $25,000, emergency dental treatment up to $500, and personal liability up to $500,000. Baggage delay, loss of passport, trip delay, emergency cash advance, and various other travel inconvenience expenses are covered with sub-limits. The benefit is fully tax-exempt. 88% of employers offer this plan; most countries require evidence of BTA insurance to issue a visa. The employer bears the full cost. Group plans charge a per-day premium basis territorial scope (worldwide including the USA and worldwide excluding the USA). Since personal accident coverage must be admitted, and this is a coverage under the BTA, the BTA policy should be admitted.	Medical expenses sum insured of $50,000 to 100,000	Medical expenses sum insured of $100,000 to 250,000	Medical expenses sum insured of $500,000 to $1 million
Workers' Comp Insurance	Workers' compensation insurance is not mandatory. An employer can choose to be self-insured. Most white-collar workers do not opt for this insurance, preferring to provide group health, accident, and term life coverage. India's group health insurance provides coverage for work-related and extra-work-related sickness/illness/injury, unlike medical plans in the US.	All staff come under the purview of the Employees' Compensation Act. The level of compensation is wage-based up to a ceiling of INR 15,000 per month and is determined by the applicable legislation.		

4. Setting Up Policies

Employers often ask us to comment on how policies need to be set up in India and particular things to be aware of in the process.

4.1 Medical Insurance

- Definition of the plan's design: selection of covers (hospitalization, maternity, outpatient coverage definition, dental, vision, and other secondary supplemental covers), respective annual limits and sub-limits per family, and eligibility.
- We can structure customized plans for groups of 7 lives or more. Group plans require a minimum of 7 lives.
- Paperwork:
  - Employees' and dependents' census data can be provided in an excel worksheet or transmitted electronically from the employers' HRIS to our portal, Prudent Plus.
  - The employer must complete and sign the insurer's proposal form and the quote slip upon choosing the insurer.
  - Employees are not required to complete any medical questionnaires for a group plan.

4.2 Personal Accident

- Definition of the plan's design: selection of covers (accidental death, accidental total, and partial disability, temporary total disability, medical expenses, funeral expenses, and other secondary supplemental covers), sum assured basis, and eligibility.
- Paperwork:
  - Employees' census data can be provided in an excel worksheet or transmitted electronically from the employer's HRIS to our portal, Prudent Plus.
  - The employer must complete and sign the insurer's proposal form and quote slip upon choosing the insurer.
  - Employees must complete a beneficiary nomination form. This can be done on the Prudent Plus portal and can be modified at any time, such as when there is a life change such as marriage or the birth of a child.

4.3 Life Insurance

- Definition of the plan's design: selection of covers (death, critical illness), sum assured basis, and eligibility.
- Insuring base salary, and not bonuses or other remuneration, is most common. However, some leading employers do include bonuses and other remuneration.
- Paperwork:
  - Employees' census data can be provided in an excel worksheet or transmitted electronically from the employer's HRIS to our portal, Prudent Plus.
  - The employer must complete and sign the insurer's proposal form and quote slip prior to binding coverage.
  - Upon receipt of the insurance contract, the employer must sign an acknowledgment letter.
  - Employees whose SA is above the Guarantee Issue (Free Cover) Limit must complete either a Declaration of Good Health or a Medical Questionnaire and may have to undergo medical tests post-policy issuance. The insurer may rate up an employee or may deny coverage altogether.
  - There are additional requirements due to COVID: employers must declare all employees who have had COVID-19; employees who have had COVID-19 may have waiting periods or be denied coverage altogether.
  - Employees must complete a beneficiary nomination form. This can be done on the Prudent Plus portal and can be modified at any time, such as when there is a life change such as marriage or the birth of a child.

4.4 Pension Plan

- Definition of the plan's design: the amount of the contribution (a percentage of basic salary up to 10%), eligibility (all employees except expats)
- Paperwork:
  - The employer must complete a specific set of documents to set up a Tier 1 account under the new pension scheme.
  - Employees must complete and sign a specific form with their personal data, provide Know Your Customer documents to generate their Permanent Retirement Account Number (PRAN), and nominate beneficiaries.

4.5 Workers' Compensation Insurance

- Workers' compensation insurance is not mandatory. Employers can self-insure. WC insurance is more prevalent in blue-collar sectors.
- The level of compensation is determined by the Employees Compensation (Amendment) Act, 2013.
- The cost will vary according to the employer's activity (or its main activity, in case there is more than one).
- Paperwork:
  - It is required to provide employees' full name, job title/designation/function/role, and annual salary.

4.6 Broker on Record (BOR) Letter

A BOR letter is required to be issued by the client for the broker to be recognized as the client's representative by carriers and the insurance regulator, IRDAI.

4.7 Know Your Customer Regulations

The Indian government requires financial institutions to verify the credentials of their customers/clients. Insureds are required to submit

a) a signed and stamped* copy of their PAN (Permanent Account Number) card

b) their Goods and Services Tax ID number or GST exemption certificate

c) signed and stamped* proposal forms, and

d) additional documentation, such as address proof, may be required.

e) CKYC Number, which is known as KIN (KYC Identification Number), is a 14-digit unique number that is required for any premium refund or claim amount over INR 100,000

*A company stamp or seal is a must in India. Many official documents require the company stamp/seal. Your local office will have one; if you do not have a local representative, you can have one made with the Indian subsidiary's name at a stationery shop in your home country.

4.8 Cash-before-cover

India is a cash-before-cover market. The insurer is at risk only upon receipt of the premium. An additional premium must be paid to endorse new members during the policy period; therefore, a Cash Deposit Account should be maintained with the insurer to ensure adequacy of premium to cover new members from Day 1 of joining an organization. Cash-before-cover is strictly enforced. Wire transfers of premium can take 3-5 business days to be credited into the insurer's bank account + 2–3 days to be traced using the UTR no. Plan for bank closure during bank and other holidays. It's easier and faster to pay by NEFT from an Indian bank to avoid missing the renewal date.

4.9 Admitted Market

India is an admitted market for most lines of insurance. Indian companies can participate in pooled risk benefits provided an admitted policy is issued.

5. Onboarding and Policy Administration

Onboarding

In the US, great attention is given to the onboarding process, and the choices employees have to make. There is far less emphasis on this process in India as for most benefits, except for flexible benefits programs, there is no choice, and employees are automatically enrolled into each insurance program. We offer our EB portal, Prudent Plus, to clients for enrollment into supplemental and voluntary plans.

Communication

We can support the following approach to meet client needs:

- Script email communication about new benefits plans
- Design and produce communication collaterals
- Make presentations to staff
- Participate in induction programs
- Provide employee benefit manual
- Provide benefit videos
- Provide free access to the Prudent Plus portal to enroll in employer-sponsored and voluntary plans, to view benefit summaries, to nominate beneficiaries of life and accident benefits, to upload and track claims, and to access wellness newsletters
- WhatsApp chat for business for employees to communicate with their relationship manager

Policy Administration

As advisers, we provide policy administration support: monthly endorsements, monthly Cash Deposit Account balances, and claims MIS reports.

We use a CRM tool, Freshdesk, to monitor resolution time for every query.

We provide the Benefits Leader with a separate log-in to Prudent Plus to access the HR section, which provides reports on Active Members, premiums paid and utilized year to date, Cash Deposit Account balances, and claims statistics.

6. Adviser Remuneration

We base our costs on the requirements of the client and the time spent providing that service. Commissions payable on insured policies are the typical market practice, but we can discuss fee or commission options whenever required.

When looking at fees, we consider:

- Pre-placement advisory requirements on statutory, supplemental, and voluntary benefits
- Time required to set up any new policies
- The total number of policies to manage
- Time required to administer the policies
- Frequency of pre-determined face-to-face client meetings and conference calls
- Whether there is the need to assist your employees directly
- The size of policies (expected claims volumes) under management
- Number and type of employee wellness programs required to be administered.

7. Prudent Team

Alda Dhingra is your primary contact. Whenever needed, you can also reach out to Dr. Dhiraj Singh.

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Asinta delivers legislative alerts and updates from across the world, weekly. Follow us to stay current.